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Budget Agreement Positions Michigan for Growth

'05 Deal Tightens Belt; Protects Education, Other Priorities

LANSING – Senate Majority Leader Ken Sikkema said Michigan can now leverage job creation in a new economy, protect core education funding, and invest in new technologies because of the 2005 budget agreement reached today between legislative leaders and the Granholm administration.

“From day one, I have said that Michigan’s budget deficit is not the most pressing problem facing the state; it is that Michigan is not positioned to create jobs in a new economy,” Sikkema said. “Our deficits are but a symptom of Michigan’s economic problem. This agreement today acknowledges this reality.”

Sikkema, R-Wyoming, said the Senate Republicans pushed hard for passage of their JOBS Action Plan as a way to improve Michigan’s economic future and won the support of Governor Jennifer M. Granholm, who recently signed five GOP proposals to offer tax incentives to small and mid-sized businesses that invest in job creation. He also said Republicans secured additional funding for Michigan’s fledgling life sciences industry, doubling it from \$15 million to \$30 million in 2005.

“Our driving principle in these negotiations was that the ’05 budget must address job creation and continued investment in Michigan’s high-tech economy,” Sikkema said. “This budget agreement represents a long-term investment in Michigan’s future.”

The budget agreement announced today culminates nearly six months of negotiations between the administration and the Legislature and closes a projected \$1.045 billion deficit. The agreement sets state general fund spending at \$8.7 billion in 2005. Eliminating the deficit is achieved through \$450 million in new revenue from increased cigarette and casino taxes, and nearly \$595 million in spending cuts and budget accounting adjustments.

Sikkema also said the agreement keeps the state’s foundation aid payment to public schools at its current level of \$6,700 per pupil while ensuring growing school districts receive sufficient funding to meet increased demand.

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“Education always has been a top priority for Senate Republicans,” Sikkema said. “Both sides in these negotiations have shown their willingness to accept some modest cuts in order to accommodate the greater good and keep our commitment to education.”

Sikkema said legislators will put the final touches on the 2005 budget when they return to session on Sept. 8 and will finish before the next fiscal year starts on Oct. 1.

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